

Review of the Tasmanian Wholesale Electricity Market Regulatory Pricing Framework - Phase 2 Update to Terms of Reference

In late 2017, the Department of Treasury and Finance engaged consultants Energy Market Consulting associates (EMCa) to undertake a review of the Wholesale Contract Regulatory Instrument (WCRI).

EMCa produced an Interim Report that assessed the performance of the WCRI against its original design objectives and the Government's then Energy Strategy ("Restoring Tasmania's Energy Advantage").

A second phase was always envisaged that would explore longer term policy options and this work was to be informed by the findings in the Interim Report.

A key change since the original Terms of Reference was prepared is that the Government has adjusted its policy position on energy. Importantly Phase 2 of the Review will be undertaken in the context of the Government's updated energy policies.

EMCa has been engaged by Treasury to undertake Phase 2 of the Review.

The primary objective for Phase 2 is to explore ways in which the Wholesale Electricity Market Regulatory Pricing Framework could be adjusted in order to provide a robust and transparent mechanism for the setting of wholesale electricity contract prices in Tasmania consistent with the Government's energy policy. In addition, the Framework should support the maximisation of the economic value of Tasmanian generation resources, including through trade with mainland National Electricity Market regions.

Extensive consultation, informed by a number of Discussion Papers, will be undertaken by EMCa as part of this process.

Key Milestones:

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| Mid-Late October 2018 | - Develop Discussion Paper and stakeholder consultation |
| Late 2018 | - Develop Options Paper and stakeholder consultation |
| Early 2019 | - Prepare Draft and Final Report providing an assessment of preferred options |

October 2018